

District
Director

JUN 11 1980

316 N. Robert St., St. Paul, Minn. 55101

INT. REV.
INN.

Person to Contact:

Telephone Number:

Refer Reply to:

Date: June 12, 1980

Dear Applicant:

Your application for exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code has been considered.

The information submitted discloses that your organization was incorporated on [REDACTED] under the statutes of the State of [REDACTED] as a nonprofit corporation. The purpose of your organization is to advance the general welfare and prosperity of the [REDACTED] area so that its citizens and all areas of its business and professional community shall prosper.

Your application for exemption indicates that you will conduct periodic activities which promote area business, as well as conduct weekly flea markets through lease of spaces to vendors. Your budget indicates that approximately [REDACTED] of your income will derive from your weekly flea market.

Section 501(c)(6) of the Code provides for exemption from Federal income tax for business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues, not organized for profit and no part of the net earnings of which inures to the benefit of any shareholder or individual.

Income tax regulations define a business league as an association of persons (including any legal entity) having a common business purpose, whose purpose is to promote the common business interest. In the case of a chamber of commerce or similar organization, the common business interest must be the general economic welfare of a community. Therefore, the activities of a business league or a chamber of commerce should be directed to the improvement of business conditions, as distinguished from the performance of particular services to members. An organization whose primary purpose is to engage in a regular business of a kind ordinarily carried on for profit is not a business league or a chamber of commerce.

[REDACTED]

As indicated above, approximately [REDACTED] of your income will originate with your operation of a flea market; therefore, your primary source of monies will come from a taxable business. A Section 501(c)(6) organization must be primarily engaged in activities or functions constituting the basis for its exemption and must be primarily supported by membership dues and other income from activities substantially related to its exempt purpose.

Based upon the information submitted, it is our conclusion that you are not exempt from Federal income tax under Section 501(c)(6) of the Code. Your request for exempt status is denied, and you are required to file Federal income tax returns on Forms 1120.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director, within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,

[REDACTED]

[REDACTED]
District Director

Enclosure:

Publication 892